Parole Board of Canada | Commission des libérations conditionnelles du Canada

Quarterly Financial Report for the Quarter ended September 30, 2014

Canada

Parole Board of Canada

Introduction

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board Accounting Standard 1.3. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates. It has not been subject to an external audit or review.

Authority and Objectives

The Parole Board of Canada (PBC or the Board) is an independent administrative tribunal responsible for making decisions about the timing and conditions of release of offenders to the community on various forms of conditional release. The Board also makes record suspension decisions and recommendations for the exercise of clemency through the Royal Prerogative of Mercy (RPM).

Legislation governing the Board includes the *Corrections and Conditional Release Act* (CCRA), the *Criminal Records Act* (CRA), and the *Criminal Code*. The CCRA empowers the Board to make conditional release decisions for federal offenders and offenders in provinces and territories without their own parole boards. Provincial Boards currently exist in Quebec and Ontario. The CRA entitles the Board to order, deny and revoke record suspensions for convictions under federal acts or regulations. The Governor General or the Governor in Council approves the use of the RPM for those convicted of a federal offence, in all jurisdictions, based on investigations by the Board and recommendations from the Minister of Public Safety.

The Board has one strategic outcome: Conditional release and record suspension decisions and decision processes that safeguard Canadian communities. This strategic outcome is the cornerstone of the Board's public accountability and reporting of results.

Further details on the Board's authority, mandate and program activities may be found in the PBC's Report on Plans and Priorities.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2014-2015 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The Board uses the full accrual method of accounting to prepare and present its annual departmental financial statements which are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of Fiscal Quarter and Fiscal Year to Date Results

Significant Changes to Authorities

As at September 30, 2014, total authorities available for the year have increased by $0.5 million from $48.6M to $49.1M compared to the same quarter of the previous year. The major changes are as follows:

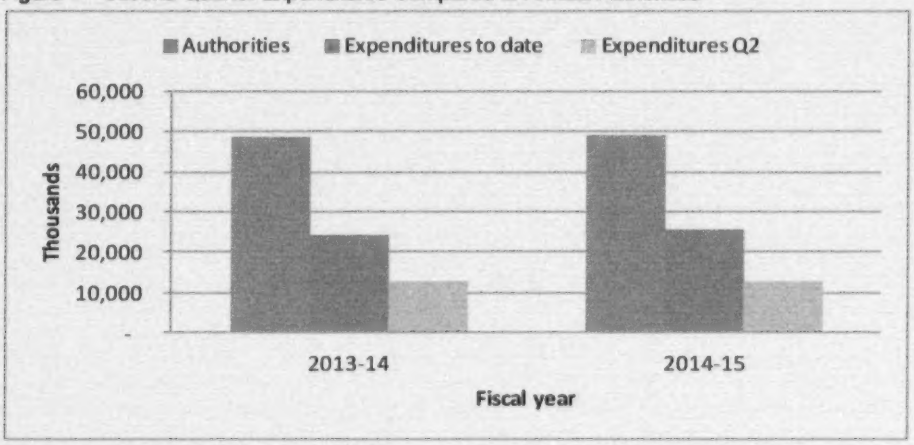
Quarter 1:

- A decrease of $2.1 million due to savings identified as part of Budget 2012 Spending Review;
- A decrease of $0.3 million related to the Employee Benefit Plan;
- A decrease of $0.1 million related to the transfer to Public Works and Government Services to consolidate all federal government pay administration services into one centre of expertise in Miramichi, New Brunswick;
- An increase of $0.9 million, the last of six annual increases related to the Government's Truth in Sentencing Act (Bill C-25);
- An increase of $0.1 million due to the compensation for collective agreement.

Quarter 2:

- An increase of $2.0M compared to 2013-14 related to approval of the annual amount of operating budget carried-forward from the previous fiscal year. In 2014-15 this amount was received in September of this fiscal year whereas in last fiscal year it was received in October.

Figure 1 – Second Quarter Expenditures Compared to Annual Authorities



Significant Changes to Gross Budgetary Expenditures

Year-to-date (YTD) net spending increased by $1,076K or 4% in 2014-15, compared with the same quarter in 2013-14. Gross budgetary expenditures increased by $732K or 3% and the revenue decreased by $344K or 16% in 2014-15 compared to 2013-14. As a percentage of planned expenditures, year-to-date gross spending in the second quarter of 2014-15 increased minimally over that of 2013-14, to 50% compared to 49% ($27.1M in 2014-15 and $26.4M in 2013-14).

The following paragraphs provide detail of significant changes, focusing on occurrences in the second quarter:

- Personnel expenditures decreased by $242K or 2% in the second quarter of 2014-15 ($666K or 3% year-to-date). This decrease in the second quarter of 2014-15 compared to those of the same quarter of 2013-14, is due to having fewer payments for severance upon retirement; to amendments of the *Public Service Superannuation Act* following the implementation of provisions related to *Canada's Economic Action Plan 2012* and finally to staff reductions as a result of operational changes following Budget 2012 implementation.

- Transport and Communications increased by $164K or 29% from $563K in the second quarter of 2013-14 to $727K compared to the corresponding period in 2014-15. The majority of this increase is due to the increase relocation costs following Board member appointments in the second quarter of 2014-15 as compared to 2013-14. In addition, the postage meter was replenished in the second quarter of 2014-15 as compared to the third quarter in 2013-14. Finally, although normal operational travel is reduced when compared to that of the previous fiscal year, the replacement for

the Offender Management System (OMS) required significant travel for systems training in the second quarter.

- Information expenditures were $31K lower in the second quarter of 2014-15 than in the previous year. The majority of this decrease is due to the timing of the bulk purchase of special file folders for offenders' files and related required printing services. These items are purchased regularly, however, they were purchased in the second quarter of fiscal year 2013-14.

- Rentals decreased by $75K or 43% from $174K in the second quarter of 2013-14 to $99K in the corresponding period in 2014-15. This decrease is primarily due to timing differences in payment of rental of office space. The payment related to the rental of office space for the Pardons backlog group made in the first quarter of 2014-15 was made in the second quarter of 2013-14. In addition, payment for the rental of meeting rooms for the annual training on risk assessment occurred in the second quarter of 2013-14.

- Acquisitions decreased by $34K or 38% compared with the second quarter last year. This decrease is related to expenditures for the Board's Medium to Long Term Accommodation Plan for renovation costs at National Office, which were lower in the second quarter of 2014-15 compared to 2013-14.

Significant Changes to Revenues Collected

The number of record suspension applications accepted in the second quarter of 2014-15 was 2,084, which is 14% less than the same quarter in 2013-14. This resulted in a corresponding 14% or $159K decrease in revenues collected in the second quarter of 2014-15 compared to 2013-14.

Risks and Uncertainties

The PBC receives its funding through annual Parliamentary authorities. As a result, its operations are affected by any changes in funding approved through Parliament. The Board collects user fees for processing record suspension applications, and has the authority to spend revenues received during the year on activities related to processing applications for record suspensions. If lower than expected volume persists, this will have an impact on the Board's net financial situation.

Significant Changes in Relation to Operations, Personnel and Programs

On September 02, 2014, Talal Dakalbab was named Acting Regional Director General, Prairies Region.

Budget 2012 Implementation

This section provides an overview of the savings measures announced in Budget 2012 that are being implemented in order to refocus government and programs; make it easier for Canadians and business to deal with their government, and modernize and reduce the back office.

The PBC will achieve Budget 2012 savings of $4.8M by 2014-15 through internal efficiency measures and through operational changes to how some conditional release reviews are conducted. The Board will maintain its focus on public safety and the long term protection of society by making quality decisions regarding conditional release and record suspensions.

In the first year of implementation, the Board achieved savings of $1.6M. Savings increased to $2.7M in 2013-14 and to $4.8M in 2014-15 ongoing. To date, cost savings have been achieved through the use of office reviews in place of hearings and the reduction of quorum for certain types of post-release decisions, as well as reduced travel due to telework by Board members, and increased use of video-conferencing in hearings and internal meetings and other various efficiency measures.

The balance of Budget 2012 savings will be reflected later in the fiscal year.

In August 2014, the Cour supérieure du Québec found the amendment to the *Corrections and Conditional Release Act* that removed the requirement to hold a hearing for post-suspension to be invalid. This amendment implemented a Budget 2012 plan. As a result, planned savings in the Quebec region are reduced. This issue is now before the Federal Court.

Work on all other initiatives is underway or completed in accordance with plans.

Approval by Senior Officials

Approved by,

Harvey Cenaiko	Cathy Gaudet, CPA, CA
Chairperson	Chief Financial Officer

Statement of Authorities (unaudited)

(In thousands of dollars)	Fiscal year 2014-2015			Fiscal year 2013-2014		
	Total available for use for the year ending March 31, 2015*	Used during the quarter ended September 30, 2014	Year to date used at quarter-end	Total available for use for the year ending March 31, 2014*,	Used during the quarter ended September 30, 2013	Year to date used at quarter-end
Vote 1 – Program expenditures	48,989	12,188	24,238	48,001	12,292	23,272
Less revenues netted against expenditures	5,645	979	1,797	5,645	1,138	2,141
Total net Program expenditures	43,344	11,209	22,441	42,356	11,154	21,131
Budgetary statutory authorities - EBP	5,771	1,443	2,886	6,241	1,560	3,120
Total authorities	49,115	12,652	25,327	48,597	12,714	24,251

Departmental Budgetary Expenditures by Standard Object (unaudited)

(In thousands of dollars)	Fiscal year 2014-2015			Fiscal year 2013-2014		
	Planned expenditures for the year ending March 31, 2015*	Expended during the quarter ended September 30, 2014	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2014*,	Expended during the quarter ended September 30, 2013	Year to date used at quarter-end
Expenditures						
Personnel	42,291	11,845	23,072	42,108	12,087	23,738
Transportation and communications	3,752	727	1,163	3,930	563	1,025
Information	235	40	50	155	71	81
Professional and special services	4,665	748	1,051	4,491	775	1,128
Rentals	313	99	172	284	174	191
Repair and maintenance	1,465	46	52	1,420	38	43
Utilities, materials and supplies	509	57	80	509	48	71
Acquisition of machinery and equipment	1,531	55	168	1,334	89	107
Other subsidies and payments	(1)	14	1,316	11	7	8
Total gross budgetary expenditures	54,760	13,631	27,124	54,242	13,852	26,392
Total revenues netted against expenditures	5,645	979	1,797	5,645	1,138	2,141
Total net budgetary expenditures	49,115	12,652	25,327	48,597	12,714	24,251

*Includes only Authorities available for use and granted by Parliament at quarter end.